eResearch Industry Report Focuses on Roll-Up Strategies in the Canadian ICT Industry and Features CISCOM Roll-Up Strategy

written by Tracy Hughes | November 19, 2023

The recent eResearch Industry Report titled *Roll-Up Strategies in the Canadian ICT Industry; Your Guide to Understanding and Investing in M&A-Focused Public Companies* offers a comprehensive analysis of the Mergers and Acquisition (M&A) strategies in the Canadian Information and Communication Technology (ICT) sector. This sector, pivotal in modern business and society, includes key components like cybersecurity, data management, and telecommunications. Despite challenges posed by COVID-19, the global ICT industry remained resilient, with estimated worldwide spending reaching US$4.8 trillion in 2023. The Canadian ICT sector, in particular, is expected to generate $270 billion in revenues in 2023, marking a 5% annual growth.

The report emphasizes the significance of the roll-up strategy in M&A, aimed at consolidating businesses within the same sector to enhance efficiency, scale, and competitiveness. This strategy saw a notable resurgence in Canada post-COVID-19, with M&A activities exceeding US$349 billion in deals in 2021. Although there was an initial dip in M&A deal values in early 2023 due to economic uncertainties, the situation improved in the second quarter. The report suggests a potential increase in M&A activities in Canada, influenced by technological demands and the aging demographic of Canadian entrepreneurs.

A key focus of the report is on Ciscom Corp. (CSE: CISC), a Canadian-based holding company that employs a roll-up strategy in the ICT sector. Ciscom, which went public in 2023, aims to build a larger and more valuable corporate entity through strategic acquisitions. The company's approach involves identifying profitable and scalable Small-to-Medium Enterprises (SMEs) that complement its existing portfolio. Ciscom's strategy is not only attractive for its value-generation potential through economies of scale and synergies but also for its ability to increase market exposure and access better opportunities.

Ciscom's acquisition strategy is unique, employing a blend of cash and shares to provide sellers with favorable exit opportunities. This approach has helped in fostering collaboration with target companies and aligning mutual interests for success. The company's first two acquisitions, Market Focus Direct, Inc. (MFD) and Prospect Media Group Ltd. (PMG), demonstrate its focus on technology-based services like advertising, content management, and data analytics. Ciscom's revenue growth has been impressive, with a significant jump from $1.1 million in 2021 to a projected $35 million in 2023.

Overall, the report provides valuable insights into the role of M&A strategies, particularly roll-up strategies, in the growth and evolution of the Canadian ICT industry. It underscores the sector's resilience and potential for future growth, driven by strategic consolidations and technological advancements. To access or download the recent eResearch ICT Industry Report, click here